GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:243
ANSWERED ON:07.03.2003
SOFT LOAN TO STATES
PUSHPDAN SHAMBHUDAN GADHAVI

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether certain State Governments particularly Gujarathave urged the Union Government for consideration of one time grant of soft loan;

(b) if so, the details thereof and reaction of the Union Government thereto; and

(c) the steps being taken/proposed by the Union Government to improve the economy of the States?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (c): A statement is placed on the Table of the House.
STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 243 FOR ANS ON 7.3.2003 REGARDING SOFT LOAN TO STATES.

(a): Yes, Sir. Some State Governments have requested for soft term loans, but not the Government of Gujarat.

(b) & (c): In response to requests from Maharashtra, J & K , Orissa and West Bengal, for assistance to overcome liquidity problems, Government of India has been assisting by providing Ways & Means Advances and by advancing planand non-plan assistance to take care of temporar1 mismatches in receipts and expenditure. Government of India is also implementing the .Debt Swap Scheme, beginning in this year for enabling States to prepay outstanding high cost Government of India loans and advances. The Government of India have put in place the States Fiscal Reform Facility 2000-01to 2004-05 for incentivising States to draw up their Medium Term Fiscal Reform Programme (MTFRP) to address systemicissues underlying fiscal stress. Borrowing through Special Purpose Vehicles (SPVs) have also been brought within theambit of Article 293 (3) of the Constitution to enable States towards prudent fiscal management. Government of India have also allocated one time assistance of Medium Term Non-plan loan to some fiscally stressed States subject to these States having drawn up their Medium Term Fiscal Reform Programme (MTFRP) and entered into Memorandum of Understanding (MOU)/Exchange of letters with Government of India.